

Abstract

A system and method for committing capital to a private equity portion of an investment portfolio that includes the private equity portion and a liquid portion. A committed capital target is determined based on an expected rate of return of the liquid portion, an expected rate of return of the private equity portion, an expected rate at which distributions are paid from the private equity portion, and an expected rate at which capital commitments associated with the private equity portion are invested. The actual value of committed capital in the private equity portion is compared to the committed capital target. Commitment of further capital in the private equity portion is delayed if the actual value of committed capital in the private equity portion exceeds the committed capital target. Further capital in the private equity portion is committed if the actual value of committed capital in the private equity portion is below the committed capital target.